

United States Senate

WASHINGTON, DC 20510

October 10, 2018

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Lighthizer:

Our government's trade policies should strive to assist American consumers, workers, and employers. Trade laws and agreements must ensure domestic consumers retain the freedom and choice to buy what they want and need while American companies are given expanded opportunities to sell their products overseas. Unfortunately, I am concerned that recently-imposed tariffs under section 301 of the Trade Act of 1974 will have the opposite effects for many of my constituents.

There is no doubt China aggressively uses economic policy and its military to strike a dominating position in Asia and the rest of the world. As the section 301 investigation found, China pursues global strength in part by breaking international norms and violating the rule of law. It has restricted the ability of U.S. companies to access and invest in the Chinese market and has engaged in illicit cyber theft and forced technology transfers. This belligerence must be confronted by the United States and our allies, which is why I am encouraged that the administration is seeking direct negotiations with the Chinese government and pursuing a dispute settlement at the World Trade Organization to address China's licensing practices.

However, I have serious concerns about imposing tariffs on nearly \$250 billion worth of products imported from China, as well as the lack of an exclusion process for the most recent list of targeted Chinese products. While USTR's tariffs are meant to target some Chinese imports that benefit from Beijing's industrial policies, such as the "Made in China 2025" initiative, many of these tariffs will have a pronounced negative effect for American manufacturers. Importers and consumers will see sharply higher prices for thousands of products, ranging from pharmaceuticals to flat-screen televisions.

Section 301 tariffs are direct taxes on American consumers and producers. They directly reduce American purchasing power, curtail freedom, impede job creation, and limit production. Tariffs also cause significant indirect harm. For example, China has already retaliated against American exporters by imposing tariffs on many American products like propane, whiskey, and cranberries. Moreover, since some American employers are having to pay higher prices for their steel and aluminum inputs under the administration's section 232 tariffs, U.S. companies are seeking to use the section 301 process to impose tariffs on the finished products produced by their Chinese competitors, whose non-tariffed inputs are cheaper. All of these actions inevitably raise prices for U.S. consumers and employers, further illustrating the detrimental impact tariffs have on U.S. economic growth and productivity.

For all of these reasons, I am concerned that the section 301 tariffs will hurt the American economy, our businesses, and workers.

Numerous companies with a significant manufacturing presence in Pennsylvania have contacted my office with concerns about the implemented and proposed section 301 tariffs. One such company is FLSmidth Inc., which employs approximately 470 workers in Pennsylvania and operates facilities in Bethlehem and Manheim, Pennsylvania. FLSmidth has submitted several exclusion petitions to USTR, and I request that you give those petitions full and fair consideration, so that FLSmidth can continue sourcing from China without the taxes imposed on them under section 301.

Thank you for your attention to this matter. I thank you and the employees of USTR in advance for working to pursue trade policies that lower tariffs on consumers and help to make American businesses more globally competitive. I stand ready to assist on this matter in any way I can.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pat Toomey", with a stylized flourish above the name.

Pat Toomey
U.S. Senator